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Governing Board
California Consumer Power and Financing Authority
901 P Street, Suite 142A
Sacramento, CA 95814

Re: Comments on the Draft Energy Resources Investment Plan – 2003

Thank you for the opportunity to comment on the draft Energy Resources Investment Plan – 2003. Green Capitol applauds the conservation and renewable energy goals of the CPA. We believe this focus is crucial for diversifying California's energy supply, stabilizing energy prices, and protecting our environment.

Green Capitol is an independent nonpartisan organization that serves as a fiscal watchdog for the environment. We strive to advance fiscal policies that protect California's environment and expose taxing and spending policies that lead to environmental degradation.

You have produced a concise, well-written draft plan that covers a lot of complex issues. Some of the projects proposed are very promising. But we are concerned about the emphasis placed on fossil fuel power. Our comments follow below.

Concern About Shifting Emphasis from Financing "Clean Growth" To Subsidization of Existing Fossil Fuel Power

We recognize that the CPA has faced some unexpected hurdles during its first year, particularly with respect to the instability in the power market. We understand the urgency the CPA is feeling in creating a power reserve for the state. But we are concerned that that sense of urgency is causing the CPA to shift its emphasis from financing "Clean Growth," as outlined in the 2002 ERIP, to financing and purchasing fossil fuel power plants that are already built, approved, or underway.

The 2002 Energy Resource Investment Plan outlined a clear strategy to use state bond financing to encourage growth in the renewable energy sector. Through this strategy, we were to gain increased power supply while also diversifying our sources, freeing us from over-dependence on fossil fuels. But the 2003 Plan would use much of that financing for already approved fossil fuel power plants. This seems inconsistent with the priorities set by the CPA in 2002. Furthermore, these are mature industries that do not need the benefit of public financing.

Creative Financing and State Ownership of Renewables Should be Pursued

Still, there are many worthy projects outlined in the Plan. Of particular note:

- The Solar Schools program proposed (third section, letter D) is a great way to utilize existing resources to expand clean energy generation, save money for our school systems, and provide a great teaching tool for students.

- Public ownership of renewable generation is mentioned in the second section, letter E, number 3. This idea should be further developed.

Remove Investment Barriers with Low Interest Loan Program
Finally, we would like to propose the establishment of a low-interest loan program to promote massive deployment of renewables and efficiency. Building on your solar schools model, we urge you to develop a program for individuals and non-profits to allow large-scale solar deployment by removing the barrier of up-front investment. While the CEC buy-down program gets us halfway there, and is helpful for customers with some capital, the high cost of solar installation is still a significant barrier. This barrier could be removed if the CPA were to provide low-cost loans for solar that could be paid back through energy savings. (A similar idea was proposed for congregations last year by our sister organization California Interfaith Power and Light.)

Furthermore, large energy efficiency retrofits can also be beyond the means of individuals and non-profits. These improvements also could be paid back through energy savings. The CPA should work with the PUC to create a mechanism for loan repayment to be collected through utility bills.

Conclusion
We appreciate the opportunity to comment on this impressive document. We encourage the CPA to stay true to its original vision of “Clean Growth” for California. We continue to believe this is the best strategy for stabilizing California’s energy supply, protecting our environment and public health, and reducing our state’s contribution to global warming.

Susan Stephenson
Project Director